Proposal to close the office of Controller of Capital Issues

2332. DR. YELAMANCHILI SIVAJI : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that the Office of the Controller of Capital Issues is proposed to be closed down;

(b) what are the functions of this office;

(c) what is the number of offices and staff on its rolls as on 1st April, 1992; and

(d) if answered to part (a) is in the affirmative in what manner the staff is proposed to be rehabilitated or has already been rehabilitated ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR) : (a) Consequent to the repeal of Control of Capital Issues Act, 1947, the Office of the Controller of Capital Issues has already been closed.

(b) The main function of the Office was to regulate the raising of Capital in the market through equity shares, preference shares, debentures, bonds etc. by the corporate sector.

(c) The number of officers and staff on its rolls as on 1st April, 1992 was 28.

(d) Barring a few, who are being utilised for residuary work, others have been re-deployed against existing vacancies in the Department, as CCI Office was a part of DEA and do not have an independent identity.

Statutory Liquidity and each reserve ratios

2333. DR. SHRIKANT RAMCHANDRA JICHKAR : Will the Minister of FINANCE be pleased to state :

(a) what is the current statutory liquidity ratio and the Cash Reserve Ratio; and

(b) what is its effect on the general credit situation ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH) : (a) The Statutory Liquidity Ratio (SLR) for scheduled commercial banks (excluding Regional Rural Banks) on the level of the outstanding net demand and time liabilities as on April 3, 1992 is stipulated at 38.5 per cent and for any increase in net demand and time liabilities above the April 3, 1992 level, the SLR is prescribed at 30 per cent. The SLR on non-resident liabilities is prescribed at 30 per cent. It has been announced by Reserve Bank of India (RBI) that on the liabilities as on April 3, 1992 the SLR would be reduced as follows :

Effective Date Fortnight beginning from	SLR on Net Demand and Time Liabilities (excluding FCNR and NRE deposits) outstanding as on April 3, 1992 (per cent)
January 9, 1993	38.25
February 6, 1993	38.00
March 6, 1993	37.75

The Cash Reserve Ratio (CRR) for scheduled commercial banks both for domestic and non-resident liabilities is prescribed at 15 per cent. In addition, the cash balances under the incremental CRR remains impounded. It has been announced by RBI that one-third of the impounded cash balance would be released in three equal instalments (fortnight beginning October 17, 1992, November 14, 1992 and December 12, 1992).

(b) Statutory Liquidity Ratio (SLR) is not the sole factor for deciding the amount of credit provided by the banks for various activities. The production ventures are financed by the comercial banks as part of their normal banking activities after assessing the need based credit requirements and keeping in mind the guidelines issued by Reserve Bank of India from time to time. The outstanding amount of bank credit extended by all scheduled commercial banks has increased from Rs. 125592 crores as at the end of March 20, 1992 to Rs. 140658 crores as at the end of November 13, 1992.

Review of interest rate on Export Credit

2334. DR. SHRIKANT RAMCHANDRA JICHKAR : Will the Minister of FINANCE be pleased to state :

(a) whether interest rate on export credit have lately been reviewed.

(b) if so, what are the details therof; and

(c) what is its effect on the bank's supply of export credit ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH) : (a) and (b) Following the Credit Policy announcement for the second half 1992-93 made by the Reserve Bank of India in October, 1992 interest rates on export credit have been reduced by one percentage point across the board with effect from 9th October, 1992

(c) It is too early to assess the effect of the changes in interest rate on individual bank's supply of export credit.

Credit Policy adopted by Reserve Bank of India

2335. DR. SHRIKANT RAMCHANDRA JICHKAR : Will the Minister of FINANCE be pleased to state :

(a) what are the details of the present credit policy adopted by Reserve Bank of India;

(b) what would be the overall effect of the credit policy on the production sector; and

(c) whether restrain in the expansion of money supply will still continue and if so, for how much time ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH) : (a) The details of the credit policy measures announced by Reserve Bank of India (RBI) on October 8, 1992 are as under :—

I. Statutory Liquidity Ratio (SLR) to be maintained by scheduled commercial banks (execluding Regional Rural Banks) upto the level of outstanding net demand and time liabilities (excluding FCNR AND NRE Deposits) on April 3, 1992 were to be reduced from 38.50 per cent to 37.75 per cent in three phases of 0.25 per cent each on January 9, 1993, February 6, 1993 and March, 6, 1993.

II. One third of the additional cash balances maintained under 10.00 per cent incremental Cash Reserve Ratio (CRR) by each bank upto the level of April 17, 1992, were to be released in three equal instalments in the fortnights begining October 17, 1992, November 14, 1992 and December, 12, 1992.

III. With effect from the fortnight beginning October 17, 1992 :

(i) On the eligible cash balances based on March 23, 1990, interest will be continued to be paid at a rate of 10.5 per cent per annum.

(ii) On the increase in eligible cash balances based on net DTL maintained after March 23, 1990, under the average of 15 per cent CRR as well as eligible cash balances maintained under 10.0 per cent incremental CRR, no interest would be paid.

IV. Effective October 31, 1992 scheduled commercial banks would be provided :

(i) Export credit (rupee) refinance to the extent of 60 per cent of the increase in outstanding ex-